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CENTRAL INTELLIGENCE AGENCY

State Department review completed

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SUMMARY

GENERAL

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IRAN

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GENERAL

1. USSR agrees to include "other questions" on agenda of proposed CFM:

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[REDACTED] The USSR, in reply to the US, UK and French notes of 23 January 1951 on a proposed four-power conference, reiterates its insistence upon a CFM as "provided for by the Potsdam agreement." The Soviet Government also re-emphasizes its view that German remilitarization is the most urgent question requiring consideration. At the same time, it is agreed that other questions may be discussed by the CFM "in the composition and in the manner provided for by the Potsdam agreement." The USSR has "no objection" to a preliminary conference in Paris. However, this preliminary meeting should be restricted to the setting up of an agenda, including the order in which questions will be discussed, and must not consider substantive matters.

Comment: It is clear from the tenor of this note, as well as earlier notes in the present diplomatic campaign, that the USSR is primarily interested in discussing German "demilitarization" within the framework of the Potsdam agreement. It also appears that the USSR will insist on this question as item number one on the agenda. Soviet agreement to the inclusion of other questions is evidently dependent upon the Council being properly constituted (Communist China to be represented in any discussion of Far Eastern questions) and upon retention of the veto power.

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3. USSR wins advantages from trade with Iran:

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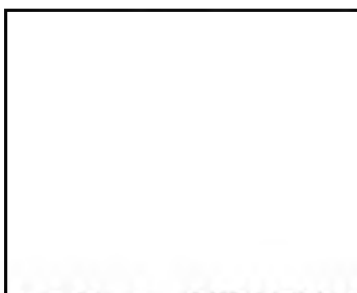


On 30 January the Tehran press announced that Iranian merchants may now import Soviet goods not covered by the quotas listed in the Iranian-Soviet trade treaty of November 1950. These extra quota imports are to be against the sale to the USSR of Iranian quota goods. US Consulate

Tabriz states that efforts to form a government-sponsored company in Tabriz to conduct trade with the USSR under the trade agreement have been abandoned and that the Tabriz merchants have now been granted permission to deal directly with the USSR Trade Company in Tehran.

Comment: The reports on this matter are not entirely clear; however, if true, they tend to confirm the suspicion that Razmara has not been as effective in upholding his country's interest in the Iranian-Soviet negotiations as he at first asserted. Unsuccessful in compelling the Soviets to return Iranian gold before initiation of trade discussions, Razmara has now apparently been unable to prevent the Soviets from dealing directly with Iranian merchants. Direct contact between Iranian merchants and Soviet trade representatives will provide the Soviets with further intelligence and propaganda opportunities, and make it difficult for the Iranian Government to exert the necessary controls over its own economy.

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WESTERN EUROPE

4. Soviets reject Austrian election law:

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The Soviet Deputy High Commissioner has declared that the text of the presidential election law adopted by the Austrian Government (to provide elections to replace the late President Renner) has "no legal basis, since the Constitution of Austria...has no legal force." The Soviet element has asked the government to replace the recently adopted law with a special constitutional law (which would be subject to a possible Soviet veto under the Control Agreement for Austria).

Comment: The Soviet element has previously created conditions of possible legal confusion in Austria, but has never exploited them. In the present case, the Soviet move may be designed to reserve a basis for later maneuvers in connection with the election.

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